

Business Responsibility and Sustainability Reporting
- by listed entities



**Responsible
Business India**

A. Background: Since the creation of the World Business Council for Sustainable Development (WBCSD) at the **Rio Earth Summit in 1992**, the business community has acknowledged its responsibility to contribute to the discussion concerning Economic, Environmental and Social issues through systematic public reporting on their environmental and social performance, together with economic performance (ISO 2004). The Global Reporting Initiative (GRI) Guidelines is one of the most commonly used frameworks around the world.

Background in India

1. In 2009, Ministry of Corporate Affairs (MCA) issued the 'Voluntary Guidelines on Corporate Social Responsibility' as a step towards mainstreaming the concept of business responsibility.
2. In June 2011, the United Nations Human Rights Council (UNHRC) adopted the United Nations Guiding Principles on Business and Human Rights (UNGPs) which India endorsed.
3. In July 2011, MCA issued the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business, 2011' (NVGs).
4. In 2012 SEBI introduced non-financial reporting in the form of Business Responsibility Report (BRR) as part of Annual Reports for the **top 100** listed companies based on market capitalization. The format of BRR was based on **NVGs** issued by MCA .

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5. In 2016 SEBI made BRR applicable to **top 500** listed companies based on market capitalization.
6. In 2019-20 BRR is made applicable to **top 1000** listed companies based on market capitalization.
7. In March 2019 NVGs were revised and released as the National Guidelines on Responsible Business Conduct (“**NGRBCs**”).
8. MCA formed a committee to align the BRR formats in line with the NGRBCs and provide new formats.
9. On May 08, 2020 the Committee formed by MCA gave its report and had prescribed a revised format to reflect the intent and scope of reporting requirement, the Committee recommended that the BRR be called the Business Responsibility and Sustainability Report (“**BRSR**”).
10. It was also envisaged that the information captured through BRSR filings be used to develop a **Business Responsibility-Sustainability Index for companies**.
<https://ies.gov.in/pdfs/Report-Committee-BRR.pdf>
8. On August 18, 2020 SEBI had issued a consultation paper, inviting public comments on the format of BRSR by September 18, 2020.
https://www.sebi.gov.in/reports-and-statistics/reports/aug-2020/consultation-paper-on-the-format-for-business-responsibility-and-sustainability-reporting_47345.html
9. On March 25, 2021 SEBI decided to make Business Responsibility and Sustainability Report (“**BRSR**”) replacing the existing Business Responsibility Report (“**BRR**”), applicable to top 1000 listed entities (by market capitalisation) to report it on a voluntary basis for FY 2021-22 and on a mandatory basis from FY 2022-23.
https://www.sebi.gov.in/media/press-releases/mar-2021/sebi-board-meeting_49648.html

B. Year 2021

- B.1** On **May 05, 2021** SEBI vide **Notification No. SEBI/LAD-NRO/GN/2021/22** substituted **Regulation 34 (2) (f) of SEBI (LODR), 2015** and mandated for the top 1000 listed entities based on market capitalization (as on the 31st day of March of every financial year), a Business Responsibility Report (BRR) describing the initiatives taken by the listed entity from an **Environmental, Social and Governance (ESG) perspective**, in the format as specified by SEBI from time to time and;
- a. Such BRR shall be discontinued after the financial year 2021–22 ;
 - b. From the financial year 2022–23 the top 1000 listed entities based on market capitalization shall submit a Business Responsibility and Sustainability Report (BRSR) in the format as specified by SEBI from time to time ;
 - c. During the financial year 2021–22, the top 1000 listed entities may voluntarily submit BRSR in place of mandatory BRR ;
 - d. The remaining listed entities including the entities which have listed their specified securities on the SME Exchange, may voluntarily submit BRSR

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B.2 On **May 10, 2021** SEBI vide **Circular No.** SEBI/HO/CFD/CMD-2/P/CIR/2021/562 referred **Applicability** and **Disclosure** format. The Circular introduced **format of BRSR in Annexure I and the Guidance Note in Annexure II** to the Circular to enable the companies to interpret the scope of disclosures.

Applicability

- a. From the FY 2022-23 filing of BRSR shall be mandatory for the top 1000 listed companies (by market capitalization) and shall replace the existing BRR.
- b. For the FY 2021-22 ,filing of BRSR is voluntary

Disclosures

- a. On their performance against the nine (9) principles of the 'National Guidelines on Responsible Business Conduct' (NGBRCs) ;
- b. Reporting under each principle is divided into
 - (i) Essential indicators - to be reported on a mandatory basis;
 - (ii) Leadership indicators- to be reported on a voluntary basis
- c. Listed entities should endeavor to report the leadership indicators also.

Nine thematic principles of NGBRCs are as follows and Businesses should conduct and govern themselves with these principles. These principles are interdependent, interrelated and non-divisible and all business are urged to address them holistically.

Principle 1: Integrity and in a manner that is ethical, transparent and accountable

Principle 2: Provide goods and service in a manner that is sustainable and safe.

Principle 3: Respect and promote the well-being of all employees, including those in their value chains.

Principle 4: Respect the interests of and be responsive to all its stakeholders.

Principle 5: Respect and promote human rights.

Principle 6: Respect and make efforts to protect and restore the environment.

Principle 7: When engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.

Principle 8: Promote inclusive growth and equitable development.

Principle 9: Engage with and provide value to their consumers in a responsible manner.

Intention of such new Reporting in BRSR

- a. Enable comparability across companies, sectors and time
- b. Helpful for investors to make better investment decisions
- c. Enable companies to engage more meaningfully with their stakeholders

Sustainability Reports based on Internationally accepted Reporting frameworks

The listed entities already preparing and disclosing sustainability reports based on internationally accepted reporting frameworks (such as GRI, SASB, TCFD or Integrated Reporting) may **cross-reference the disclosures** made under such framework to the disclosures sought under the BRSR.
